



The Children's Health Insurance Program (CHIP) Reauthorization Act Summary of the Chairman's Mark

The CHIP Reauthorization Act reauthorizes the popular Children's Health Insurance Program, investing an additional \$35 billion over five years to strengthen CHIP's financing, to increase outreach and enrollment for low-income children of the working poor, to enhance premium assistance options for low-income families and to improve the quality of health care that children receive from public programs like Medicaid and CHIP. The Act accomplishes the following priorities:

- **Lowering the rate of uninsured low-income children** The CHIP Reauthorization Act provides for coverage for 6.6 million children currently enrolled in CHIP. Under the Children's Health Insurance Reauthorization Act, 3.2 million children who are uninsured today will gain new coverage. Over the next five years, this bill will reduce the number of uninsured children in America by more than one third.
- **Strengthening CHIP by increasing and targeting funding.** In recent years, many states have faced funding shortfalls, jeopardizing the stability of the program. CBO predicts that 800,000 children currently covered by CHIP will become uninsured over the next five years without additional funds above baseline. The CHIP Reauthorization Act improves the financing rules to ensure resources are better directed to cover eligible children by basing state funding on state spending projections. States will also have access to a contingency fund to cover unforeseen shortfalls arising from economic downturns or emergencies.
- **Providing states with incentives to lower the rate of uninsured low income children.** Today, 6 of the 9 million American children who are uninsured are eligible for either Medicaid or CHIP, but not enrolled. The Children's Health Insurance Program Reauthorization Act provides incentives for states to lower the rate of uninsured children by enrolling eligible children in CHIP and Medicaid.
- **Improving state tools for outreach and enrollment.** The bill would provide \$100 million in new grants to fund outreach and enrollment efforts that increase participation of eligible children in both Medicaid and CHIP. Outreach will range from national efforts to raise awareness of CHIP, to efforts targeting children in rural areas with high populations of eligible but unenrolled children and higher incidence of racial and ethnic disparities of coverage, to targeted efforts to find and enroll eligible Native American children. The bill also creates a \$49 million demonstration allowing up to 10 states to implement "express lane" enrollment for low-income children already eligible for benefits.
- **Improving the quality of health care for low-income children.** The CHIP Reauthorization Act establishes a new framework for improving the quality of health care for children, creating a quality initiative within the Department of HHS charged with developing and implementing quality measures and improving state reporting of quality data.

(see reverse)

- **Reducing racial and ethnic disparities in coverage and quality.** The CHIP Reauthorization Act includes initiatives that will reduce racial and ethnic health care disparities, by improving outreach to minority populations including Native Americans, and providing new funding for state translation and interpretation services in CHIP.
- **Prioritizing children's coverage in CHIP.** In the past decade, CHIP has been expanded to include some childless adults, parents, and pregnant women. The bill eliminates childless adult coverage within two years, eliminates future state waivers for parents, and lowers the federal reimbursement for existing parent populations. This will encourage states to direct limited CHIP resources to targeted low-income children. States have an additional option to cover pregnant women as a state option as well as maintaining the options to cover them through a state waiver or through regulation.
- **Improving access to critical benefits.** The Children's Health Insurance Program Reauthorization Act improves access to mental health services by requiring states that offer mental health services to provide coverage for those services on par with medical and surgical benefits covered under CHIP. The bill also provides \$200 million in new grants for states to improve accessibility and strengthen dental coverage for children.
- **Reducing administrative barriers.** This bill creates a new option for states to choose in implementing citizenship documentation requirements and extends to CHIP the requirement to establish citizenship. The bill also encourages states to standardize enrollment procedures, and to eliminate requirements for face-to-face interviews to complete enrollment in public health programs by requiring states to detail efforts to lower administrative barriers to enrollment.
- **Improving access to private coverage options through new premium assistance rules.** The bill expands on current premium assistance options for states. The bill allows states to offer a premium assistance subsidy for qualified, cost-effective employer-sponsored coverage to all targeted low-income children who are eligible for child health assistance and who have access to such coverage, and also changes the federal rules governing employer-sponsored insurance to make it easier for states to offer premium assistance programs.
- **Maintaining state flexibility.** The Mark also retains state flexibility to set eligibility levels based on the cost of living in each state, but it responds to concerns about eligibility being too close to middle-class levels by lowering federal matching rates for children covered above 300 percent of the Federal poverty level.

Consistent with the 1997 law that created CHIP, the Children's Health Insurance Program Reauthorization Act is paid for with new revenue from a \$.61 per-pack increase in the excise tax on cigarettes and a corresponding proportional increase on all tobacco products.